

Michigan **BIODIESEL, LLC**

A green silhouette map of the state of Michigan is positioned to the right of the company name.

700 Industrial Park Road
Bangor, MI
Van Buren County

Michigan BioDiesel LLC Facts

- 10 Million gallons
 - 29,000 gallons per day 24/7
- 22 Employees
- Agricultural Processing Renaissance Zone
- 1 Million gallons Glycerin as Co-Product
- 1 Million gallons Methanol annual usage



MBD Limited Liability Company

- 72 Members/Investors
 - Over 50% Farmer Owned
 - \$4,250,000 Raised Capital
 - Max 10% any one person
 - Weighted vote based on investment level
- 7 person Board of Managers
 - Chairman
 - Vice Chairman
- General Manager at plant reports to the Board
- Hire secretarial services for board meeting minutes
- Members and then Board has met nearly every Thursday morning 7:00am since March 05
- All meetings open to membership with minutes distributed after board approval



Business Organization Challenges

- 72 People with Money on the Line
- Structure to Make Decisions
- Delegation of Responsibilities
- Communication is Critical - takes time
- Future Business Directions
- Dominating Personalities
- Staying Focused on Task
- Questions of Motives and Trust

Investment

- \$4,250,000 Raised Capital
- \$4,500,000 Borrowed Funds
 - LaSalle Bank
 - USDA Loan Guarantee 90%, (time lag)
- Start Up Business, New Industry, New Technology
- No one person or entity responsible
- Difficult to secure financing despite 50% owner Equity

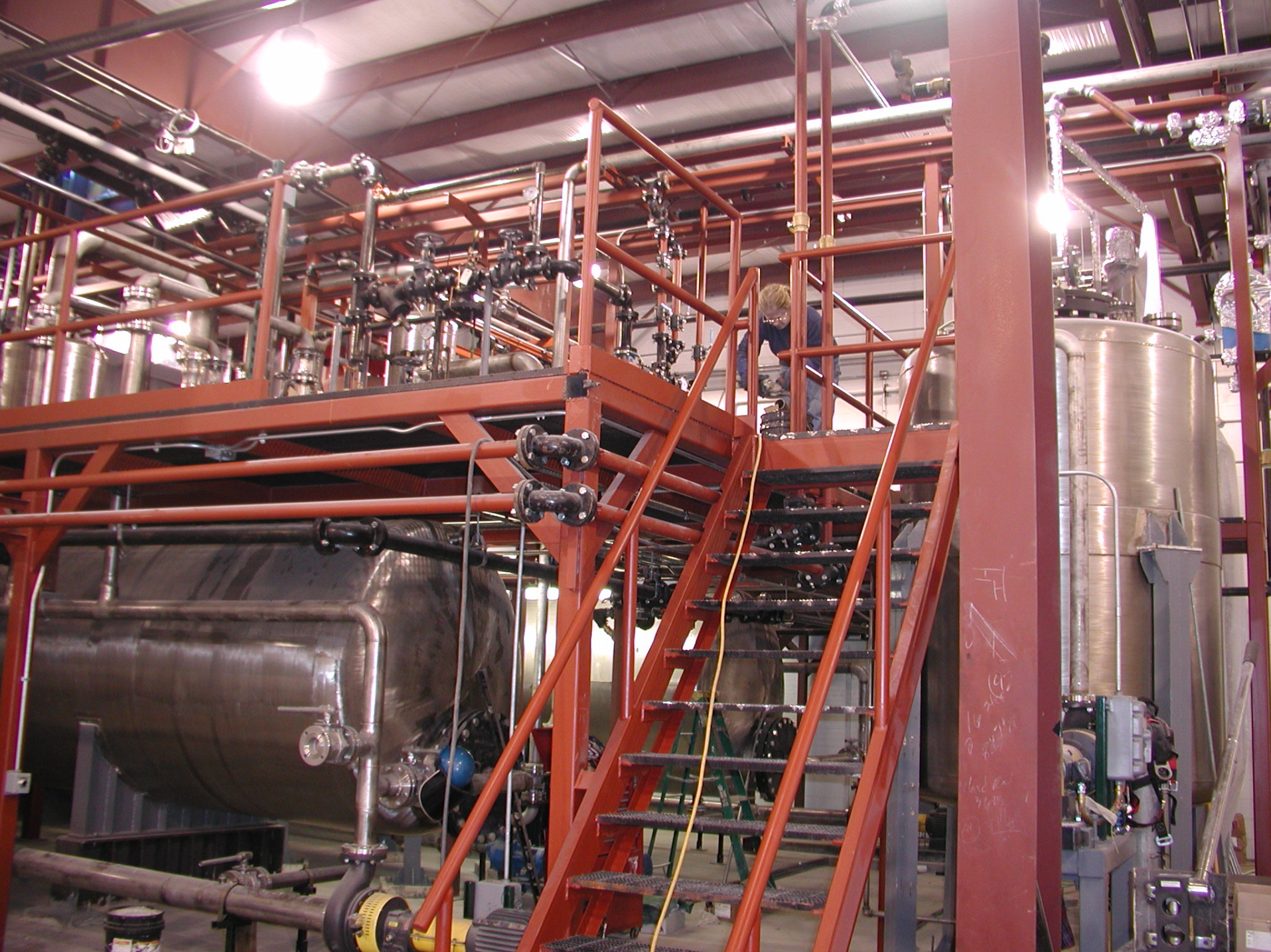


Capital Expenditure

- Building 2.50 Million
 - Machinery 4.80 Million
 - Operating 1.45 Million
 - Total 8.75 Million
-
- Plan for Worst Case Cost Overruns then 2X
 - Slow Start Up – 6-9 months later than originally planned
 - Delay of shipments, technology changes,
 - Takes Huge Operating Dollars



28 3:03 PM







How MBD Project Got Started

- '03-04 Capital Area Innovative Farmers
- '04 Grant to Buy and Distribute B100
- '04 Contact with BioDiesel Technology provider
- Winter '05 - Detailed Financial Projections with Estimated Capital Cost & Breakevens
- Summer '05 - Worked with MDA on Feasibility Studies
 - Soy Crush Plant
 - BioDiesel Production Plant
- '05 June Started Raising Money
- Marketing Strategies, Business Plan
- Oct '05 Plant ordered
- April '06 Construction Began





Government Incentives

- B100 Blenders Credit
 - \$1.00 per gallon
 - 2005 Energy Bill
- Income Tax Credits
 - 10 cents per gal Biodiesel
- Biodiesel Producers Incentives
 - Up to \$1.60 per gal B-100
 - 2002 farm Bill expires 2006
 - Some discussion 2002 Farm Bill Extension



Why the Public Interest

- Energy Prices
- Domestic Supply of Fuel
- Green Fuel
- Renewable Fuel
- Health Benefits
- Environmental Benefits
- Stimulate Local Economy and Jobs
- Helps Agriculture
- Replace Sulfur for Lubricity

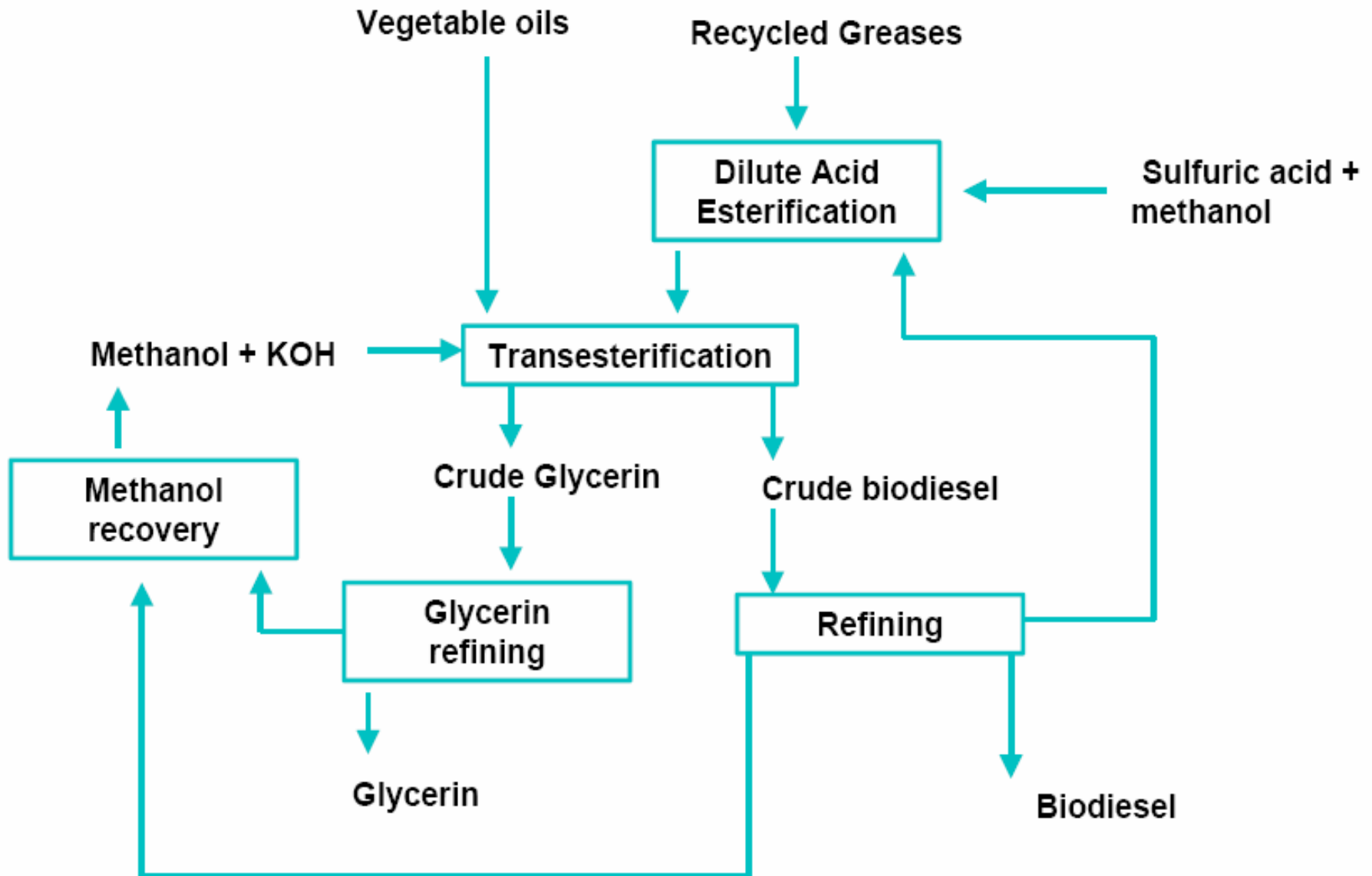
Biodiesel

1. Reduces sulfur emissions, engine maintenance cost, odors and CO₂
2. Reduces air toxics and carcinogenic compounds associated with distillate exhaust
3. Renewable, recyclable
4. Sulfur Oxide emissions reduced by 83% (B20)
5. Extends distillate supply pool

Biodiesel

1. Higher Cetane
2. High Lubricity (300 HFRR), High Frequency Reciprocating Rig, accepted ASTM test standard
3. BTU Content (128,000 comparable to kerosene)
4. Cold Flow (5-7 degrees F > for soy based B20)
5. Flash Point degrees (>300 F vs 117 F)
6. Safety – Health test confirm 10x less toxic than table salt
7. Virtually sulfur free
8. Fuel efficiency same as #2 diesel

Basic Technology



12 year Monthly #2 Diesel

Heating Oil #2 Monthly

updated Apr 7



12 year Monthly Soybean Oil

Soybean Oil Monthly

updated Apr 7



Site Requirements & Considerations

- Local Political Environment
- Labor Force
- Ag Renaissance Zone
- Local and State "Cost of Doing Business"
- Location/Accessibility to Feed Stock
- Location to Markets
- Class A Roads
- Rail
- Natural Gas
- 3 Phase Power

Bangor Public Acceptance is High







DAY SOYBEAN OIL (BOK7)



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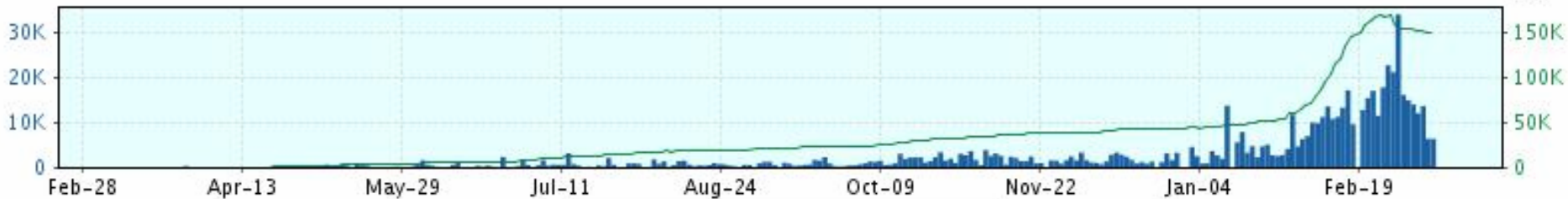
Symbol: [Future Symbol Search](#) | [Symbol Lookup](#)

[Historical Chart](#) | [Chart](#) | [Options](#) | [Futures Chain](#)

Last: 30.71 | Chg: 0.12 | Open: 30.55s | High: 30.85 | Low: 30.40

Current Month:

May 07 3/11/07



DAY HEATING OIL (HOK7)



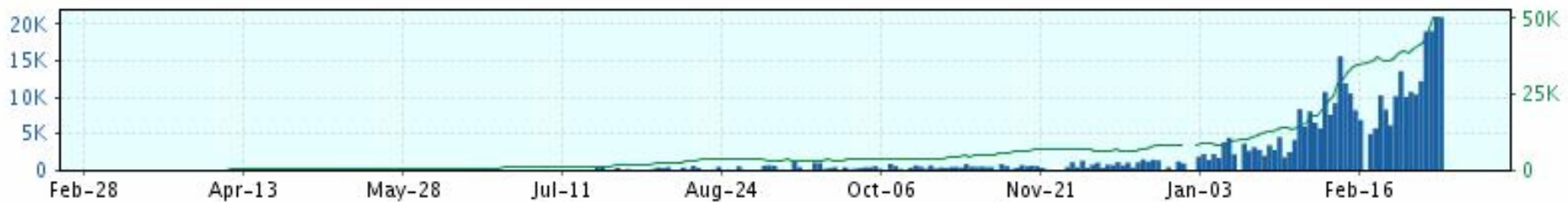
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Symbol: [Future Symbol Search](#) | [Symbol Lookup](#)

[Historical Chart](#) | [Chart](#) | [Options](#) | [Futures Chain](#)

Last: 1.6818 | Chg: -0.0289 | Open: 1.6900s | High: 1.6910 | Low: 1.6730

Current Month:



Feedstock Conversion Cost

- Bean Oil Futures @ 31.0 cents
- Degummed & Delivery 2.0 cents
- Cost to Biodiesel Plant 33.0 cents
- 7.49 Lbs/gal = \$2.47
- Conversion Cost = \$0.48
- Total Cost \$2.95/gal
- Blenders Credit \$1 - \$0.85
- Net competitive price \$2.10/gal
(Whole Sale Price Before Taxes)

Michigan Biodiesel LLC Investors Diversities:

- Petroleum and Diesel Fuel Distributors
- Vice President Michigan Truckers Association
- Highly Published Agriculture Economists
- Township Supervises, Officials of Zoning, Planning Commissions
- A processor and exporter of agricultural products
- Manager of Commercial Elevator
- Vegetable Produce Farm Enterprise
- Extension Specialist, Economic
- Commercial Spray Applicator
- Three Engineers (Architectural, Civil)
- Seed Company, Vice President, and various sales personnel
- Financial Officer - Non Ag Commercial Business
- Commodity Broker Board Member
- Seed Producers: soybeans, wheat
- Professors, Teachers
- Livestock Producers – Swine, Beef, Dairy, Sheep, Goats
- Crop Producers - corn, soybeans, wheat, hay producers
- Risk managers, Commodity Marketers
- Specialty Crops: Oats, Adzuki Beans, Maple syrup, Forestry-Hardwoods, Christmas Trees, Nursery Stock & Sod

Thank You !

Michigan BIODIESEL, LLC

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